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1980/10/22

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AGREEMENT ON GRAIN TRADE
BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA

The Government of the United States of America and the Government of the People's Republic of China;

Acting in the spirit of the Joint Communiqué on the Establishment of Diplomatic Relations between the Government of the United States of America and the Government of the People's Republic of China and the Agreement on Trade Relations between the Government of the United States of America and the Government of the People's Republic of China;

Recognizing the importance of agricultural trade between our two nations;

Wishing to develop further agricultural trade relations between both countries on the basis of the principle of equality and mutual benefit;

Have agreed as follows:

ARTICLE I

1: The Government of the United States of America agrees to the supply, through normal private commercial organizations, for shipment to the People's Republic of China during each 12 month period beginning

January 1, 1981, except as otherwise provided for in Article II, of a total quantity of at least 6 to 8 million metric tons of United States wheat and corn, of which approximately 15 to 20 percent will be corn.

2. The Government of the People's Republic of China agrees to purchase for shipment during each 12-month period beginning January 1, 1981, except as otherwise provided for in Article II, a total quantity of at least 6 to 8 million metric tons of United States wheat and corn, of which approximately 15 to 20 percent will be corn.

3. Purchases/sales of wheat and corn under this agreement will be made at market prices prevailing at the time of purchase/sale and in accordance with normal commercial terms.

ARTICLE II

1. The Government of the United States of America shall endeavor to assure the availability of wheat and corn supplies through advance planning of production and stockbuilding fully to meet the import requirements of the People's Republic of China under the provisions of this agreement. If by virtue of exceptional circumstances necessitating the application of measures limiting the availability of United States wheat and corn in respect to all foreign purchasers of United States grain, it becomes necessary in a particular year to supply less than the quantities specified in Article I, there shall be prior consultations between the two parties as to the amount of such adjustment.

Any such measure which shall be applied to the exports of United States wheat and corn to the People's Republic of China shall be carried out on a basis no less favorable than to such exports to other foreign purchasers of United States grain.

2. If by virtue of exceptional circumstances making it impossible for the People's Republic of China to accommodate available supplies necessitating the reduction of minimum levels of normal imports from all foreign suppliers it becomes necessary in a particular year to purchase less than the quantities specified in Article I, there shall be prior consultations between the two parties as to the amount of such adjustment. Any such reduction of imports of United States wheat and corn which shall be applied to imports from the United States shall be carried out on a basis no less favorable than to imports from other foreign suppliers.

ARTICLE III

The United States of America expects to supply to the People's Republic of China and encourages the People's Republic of China to meet increased import requirements by purchases of wheat and corn from the United States. Therefore, if during the period that the agreement is in force, the People's Republic of China intends to purchase quantities of United States wheat and corn in excess of the 8 million metric tons specified in Article I by more than 1 million metric tons, there shall be prior notice to the Government of the United States of America. The Government of the United States of America shall promptly inform

the Government of the People's Republic of China of any measures which may affect the availability of supplies of United States wheat and corn for purchase by the People's Republic of China beyond 9 million metric tons. This provision has the general purpose of facilitating the growth of trade through improving the availability of information.

ARTICLE IV

Both sides shall seek to avoid excessive volatility in their grain trade. To this end the Government of the People's Republic of China shall endeavor to space its purchases in the United States of America to enable orderly market adjustment. At the same time the Government of the United States of America shall seek to use its authorities to maintain the stability of United States market conditions for wheat and corn.

ARTICLE V

For the conduct of the consultations provided for in this agreement, the organization with jurisdiction for the Chinese side will be the China National Cereals, Oils and Foodstuffs Import and Export Corporation. For the conduct of the consultations provided for in this agreement, the organization with jurisdiction for the United States side will be the Foreign Agricultural Service of the U. S. Department of Agriculture. Under this Agreement, consultations regarding the conduct of trade and the over-all levels of United States export supply and Chinese import requirements for wheat and corn will be held prior to the beginning of each year covered by the agreement, or when requested by either party.

ARTICLE VI

The Government of the People's Republic of China shall assure that, except as the parties may otherwise agree, the wheat and corn grown in the United States of America and purchased by the China National Cereals, Oils and Foodstuffs Import and Export Corporation under this agreement shall be supplied for consumption in the People's Republic of China.

ARTICLE VII

This agreement shall enter into force on January 1, 1981 and shall remain in force until December 31, 1984 unless both sides agree to an extension.

Done at Beijing this twenty-second day of October, 1980, in duplicate, each copy in the English and Chinese languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

Leonard Woodcock

FOR THE GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF CHINA:

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